

Before the  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Competitive Product Price Changes  
Rates of General Applicability

Docket No. CP2020-5

PUBLIC REPRESENTATIVE COMMENTS IN RESPONSE TO  
THE POSTAL SERVICE NOTICE OF CHANGES IN RATES  
OF GENERAL APPLICABILITY FOR COMPETITIVE PRODUCTS

(October 25, 2019)

I. INTRODUCTION

On October 10, 2019, the Commission issued a notice seeking comments on the Postal Service's proposed changes in rates of general applicability for competitive products.<sup>1</sup> The Postal Service's notice in this matter proposes both rate and classification changes.<sup>2</sup> The Public Representative comments that follow first address the proposed rate changes and then the proposed classification changes.

II. RATE CHANGES

The Postal Service proposes price increases for the majority of the rates of general applicability for competitive products.<sup>3</sup> The Commission reviews these rates pursuant to previously promulgated regulations, applicable to competitive products, which:

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<sup>1</sup> Notice and Order Concerning Changes in Rates of General Applicability for Competitive Products, October 10, 2019. (Order No. 5272)

<sup>2</sup> United States Postal Service Notice of Changes in Rates of General Applicability for Competitive Products, October 9, 2 (Postal Service Notice).

<sup>3</sup> The Postal Service does not propose an increase for Global Express Guaranteed.

- Prohibit the subsidization of competitive products by market dominant products (See 39 U.S.C. § 3633(a)(1));
- Ensure that each competitive product covers its costs attributable (See 39 U.S.C. § 3633(a)(2)); and
- Ensure that all competitive products collectively cover what the Commission determines to be an appropriate share of the institutional costs of the Postal Service (See 39 U.S.C. § 3633(a)(3)).

39 C.F.R. part 3015.

The Public Representative's review focuses on the second requirement to ensure that each competitive product covers its attributable costs. Generally, if all (or substantially all) competitive products meet or exceed this requirement, the first and third requirements will likely be met. After review of the Postal Service Notice, Governors' Decision No. 19-3, and materials filed under seal, the Public Representative concludes that all competitive products affected by the proposed price changes appear to cover their attributable costs.

The Commission identified six competitive products that did not cover attributable costs during the 2018 Annual Compliance Determination (ACD).<sup>4</sup> Only the International Priority Airmail and International Ancillary products are affected by the instant price change. In the Postal Service Notice, the Postal Service proposes average rate increases of approximately 5.9 percent and 2.7 for International Priority Airmail and International Ancillary products, respectfully. The Public Representative concludes that these increases, coupled with the increases described in the Postal Service response to provide additional information in Docket No. ACR2018, helps meet the requirements for this product.

The Public Representative notes that FY 2020 average price increases for some domestic competitive products are significantly less compared to the previous two years. For instance, Table 1 shows that average increases for some products within the

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<sup>4</sup> Docket No. ACR2018, Annual Compliance Determination Report, April 12, 2019, at 3, 99.

Parcel Select and First-Class Package Service classes were ten or more percentage points in FY 2018 and FY 2019 compared to relatively modest increases in FY 2020.

**Table 1**  
**Average Price Increase (%), FY 2018 – FY 2020**

<b>Product Name</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020*</b>	<b>Cumulative</b>
<b>Domestic Competitive Products</b>				
<b>Priority Mail Express</b>	<b>3.9</b>	<b>3.9</b>	<b>3.5</b>	<b>11.3</b>
<i>Retail</i>	3.9	3.9	3.8	11.6
<i>Commercial Base</i>	3.7	3.9	2.2	9.8
<i>Commercial Plus</i>	3.7	3.9	2.2	9.8
<b>Priority Mail</b>	<b>3.9</b>	<b>5.9</b>	<b>4.1</b>	<b>13.9</b>
<i>Retail</i>	0.8	6.6	4.9	12.3
<i>Commercial Base</i>	6.2	3.2	2.8	12.2
<i>Commercial Plus</i>	6.1	6.2	3.0	15.3
<b>Parcel Select</b>				
<i>Traditional</i>			2.5	n/a
<i>Lightweight</i>	7.0	12.3	4.2	23.5
<b>Parcel Return Service</b>	<b>4.9</b>	<b>6.8</b>	<b>4.9</b>	<b>16.6</b>
<i>Return Sectional Center Facility</i>	5.2	7.3	4.9	17.4
<i>Return Delivery Unit</i>	4.6	6.4	4.9	15.9
<b>First-Class Package Service</b>		<b>12.3</b>	<b>2.6</b>	<b>n/a</b>
<i>Retail</i>	14.5	13.3	3.9	31.7
<i>Commercial</i>	3.9	11.9	2.2	18.0
<b>Retail Ground</b>	<b>3.9</b>	<b>3.9</b>	<b>3.9</b>	<b>11.7</b>
<b>Domestic Extra Services</b>				
<b>Premium Forwarding Service Enrollment Fee</b>	<b>3.9</b>	<b>4.9-11.1</b>	<b>0.9-5.3</b>	<b>9.7-20.3</b>
<b>Adult Signature Service</b>				
<i>Basic</i>	3.4	8.5	3.9	15.8
<i>Person-Specific</i>	3.3	8.3	3.6	15.2
<b>Address Enhancement Services</b>			<b>0.4-3.8</b>	<b>n/a</b>
<b>Competitive Post Office Box</b>	<b>6.5</b>	<b>10.0</b>	<b>10.4</b>	<b>26.9</b>
<b>Package Intercept Service</b>	<b>3.9</b>	<b>4.8</b>	<b>3.9</b>	<b>12.6</b>
<b>International Competitive Products</b>				
<b>Global Express Guaranteed</b>	<b>3.9</b>	<b>4.9</b>	<b>0.0</b>	<b>8.8</b>
<b>Priority Mail Express International</b>	<b>3.9</b>	<b>3.9</b>	<b>2.0</b>	<b>9.8</b>
<b>Priority Mail International</b>	<b>3.9</b>	<b>3.9</b>	<b>6.0</b>	<b>13.8</b>
<b>International Priority Airmail (IPA)</b>	<b>3.9</b>	<b>19.9</b>	<b>5.9</b>	<b>29.7</b>
<i>IPA M-Bags</i>	3.9	19.9	5.9	29.7
<b>International Surface Air Lift</b>	<b>3.9</b>	<b>19.9</b>	<b>5.9</b>	<b>29.7</b>
<i>International Surface Air Lift M-Bags</i>			5.9	n/a
<b>Airmail M-Bags</b>	<b>3.9</b>	<b>5.0</b>	<b>6.0</b>	<b>14.9</b>

<b>First-Class Package International Service</b>	<b>3.9</b>	<b>3.9</b>	<b>9.9</b>	<b>17.7</b>
<b>International Ancillary Services and Special Services</b>				
<b>International Ancillary Services</b>	<b>3.9</b>	<b>10.4</b>	<b>2.7</b>	<b>17.0</b>
<b>International Special Services**</b>			<b>3.5</b>	<b>n/a</b>

\*Proposed average increase presented in Order No. 5272 at 3.

\*\*International Special Services was included in the financial support data with the Postal Services original Notice but not listed in Order No. 5272.

Sources: Docket No. CP2018-8, Order 4208, Table II-1, November 7, 2017; Docket No. CP2019-3, Order No. 4854, Table I-1, October 11, 2018. Docket No. CP2020-5, Order No. 5272, Table I-1, October 10, 2019. Grayed cells refer to confidential or non-applicable information; therefore, cumulative figures were not calculated.

Table 1 also shows that First-Class Package Services retail product accumulated the highest average increases for the past three years. The Public Representative views this and other trends found in Table 1 as noteworthy, but does not find them problematic with regards to their consistency with statutory requirements.

### III. CLASSIFICATION CHANGES

The following classification changes appear within the Postal Service Notice:

**Table II**  
**Description of Product Changes, FY 2020**

<b>Product Name</b>	<b>Description(s) of Changes</b>
<b>Priority Mail Express</b>	<ol style="list-style-type: none"> <li>1. Add \$0.20 for each IMpb-noncompliant parcel paying commercial prices, unless the eVS Unmanifested Fee was already assessed on that parcel.</li> <li>2. Add \$0.20 for each unmanifested parcel paying commercial prices, unless the IMpb Noncompliance Fee was already assessed on that parcel.</li> </ol>
<b>Priority Mail</b>	<ol style="list-style-type: none"> <li>1. Up to \$50.00 of General Insurance coverage is included at no additional cost in the price of Priority Mail pieces that bear an Intelligent Mail package barcode or retail tracking barcode. This does not apply to Priority Mail pieces sent using Merchandise Return Service non-prepaid returns, Priority Mail</li> </ol>

	<p>Open and Distribute, or Premium Forwarding Service.</p> <ol style="list-style-type: none"> <li>Up to \$100.00 of General Insurance coverage is included at no additional cost in the price of Priority Mail pieces that bear an Intelligent Mail package barcode and for which the mailer pays Commercial Plus prices or uses ePostage, Electronic Verification System, Hardcopy Manifest, or an approved Manifest Mailing System. This does not apply to Priority Mail pieces sent using Merchandise Return Service non-prepaid returns, Priority Mail Open and Distribute, or Premium Forwarding Service.</li> <li>Return parcels may be sent without prepayment of postage if authorized by the returns customer, who agrees to pay the postage.</li> <li>Removal of Merchandise Return</li> <li>Addition of Premium Data Retention and Retrieval Service</li> <li>Add \$0.20 for each IMpb-noncompliant parcel paying commercial prices, unless the eVS Unmanifested Fee was already assessed on that parcel.</li> <li>Add \$0.20 for each unmanifested parcel paying commercial prices, unless the IMpb Noncompliance Fee was already assessed on that parcel.</li> </ol>
<b>Parcel Select</b>	<ol style="list-style-type: none"> <li>Additional of Premium Data Retention and Retrieval Service</li> <li>Add \$0.20 for each IMpb-noncompliant parcel paying commercial prices, unless the eVS Unmanifested Fee was already assessed on that parcel.</li> <li>Add \$0.20 for each unmanifested parcel paying commercial prices, unless the IMpb Noncompliance Fee was already assessed on that parcel.</li> </ol>
<b>Parcel Return Service</b>	<ol style="list-style-type: none"> <li>Removal of Permit holders using Merchandise Return Service (MRS) for First-Class Package Service mailpieces when all MRS requirements are met (505.3.0).</li> </ol>

	<ol style="list-style-type: none"> <li>2. Return parcels may be sent without prepayment of postage if authorized by the returns customer, who agrees to pay the postage.</li> </ol>
<b>First-Class Package Service</b>	<ol style="list-style-type: none"> <li>1. Removal of Merchandise Return Service (1505.10)</li> <li>2. Addition of Premium Data Retention and Retrieval Service (2545.3)</li> <li>3. Add \$0.20 for each IMpb-noncompliant parcel paying commercial prices, unless the eVS Unmanifested Fee was already assessed on that parcel.</li> <li>4. Add \$0.20 for each unmanifested parcel paying commercial prices, unless the IMpb Noncompliance Fee was already assessed on that parcel.</li> </ol>
<b>Retail Ground</b>	<ol style="list-style-type: none"> <li>1. Return parcels may be sent without prepayment of postage if authorized by the returns customer, who agrees to pay the postage.</li> <li>2. Removal of Balloon Price</li> <li>3. Dimensional Weight – Applies to parcels in zones 1-8 that exceed one cubic foot</li> <li>4. Removal of Merchandise Return Service (1505.10)</li> <li>5. Addition of Limited Overland Routes to pieces exceeding specific dimensions</li> <li>6. Dimensional weight rules do not apply to the Limited Overland Routes price category</li> </ol>
<b>Competitive Ancillary Services</b>	<ol style="list-style-type: none"> <li>1. Premium Data Retention and Retrieval Service allows a customer to request that the Postal Service retain: (1) scan data or (2) scan and signature data for the customer's packages beyond the Postal Service's standard data retention period, for up to ten years. The customer will be charged for the retrieval of any archived statement of tracking or signature letter.</li> </ol>

	2. Premium Data Retention and Retrieval Service is available for packages shipped via Priority Mail Express, Priority Mail, First-Class Package Service, and Parcel Select. For Scan and Signature Retention on products other than Priority Mail Express, the customer must have purchased an underlying signature service, such as Signature Confirmation service.
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The Public Representative recognizes the wide latitude or authority that the Postal Service has to make classification changes, especially within the competitive arena. In this regard, the Public Representative does not find any inconsistencies with the changes described in Table II pursuant to 39 CFR 3020 subparts B and E.

The Public Representative respectfully submits these comments for the Commission's consideration.

Respectfully submitted,

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